

COUNTRY EVALUATION
CAPE VERDE - PORTUGAL
(2002-2004 e 2005-2007)

EXECUTIVE SUMMARY

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The scope of this evaluation was the Indicative Cooperation Programmes

between Portugal and Cape Verde (PICs), and the corresponding Annual Plans for

Cooperation (PACs), in the period 2002-2004 and 2005-2007.

In this timeline, Cape Verde has passed through a development process that led to its graduation from the United Nations list of least developed countries, which recognised the country positive developments and its global management. These new realities and the international cooperation experience point out the need to reinforce several areas where development aid will still be (or will now be) important.

Several aspects should be highlighted. Firstly, regarding the cooperation' results. It is visible a contradiction between the dispersed nature and the structured results that Portuguese cooperation has had through the years, including the period before this evaluation. It is rare to identify any island or sector where the Portuguese cooperation (central, sectoral or non-governmental) has been absent. This dispersion, while with discontinuous and inconsequent features, was felt as a bridge between the colonial past and the present ruled and leaded by the capeverdians; Portugal has rapidly assimilated the new political reality, keeping the interest and the links in diverse areas – this is recognised by the greater part of the actors and should be noted in this evaluation. Nevertheless, the structural results of the Portuguese cooperation (even if not structured in its elaboration) as been crucial in the financial sector – with the stability provided by the Exchange Rate Agreement and the financing of basic infrastructures – and in the support provided to education and institutional capacity-building of the public sector (including security and defence). In other words, the cooperation between the two countries is perceived as very positive.

Secondly, some aspects regarding the challenges for the future. The reality and the opportunities provided by the Cape Verde's transition towards a middle development country and by the special partnership with the European Union point out to the country's priorities and, in an indirect

manner, to the cooperation (including the Portuguese cooperation) priorities in general. Some ongoing actions should be continued and reoriented, such as the institutional capacity-building of the public sector (Finances, Plan, Justice, Defence, Security, municipalities), education and training (support to the CV University, teachers training, professional training) and direct actions towards poverty alleviation (including civil society actions and the Projects implemented by the Ministry of Labour and Social Solidarity).

As new activities or aspects to be reinforced, one can point out: providing direct budget aid and coordination/partnerships with other cooperation actors. These actions are strategic, either for the reinforcement of the capeverdian development capacities or for the gradual transformation of the Portuguese cooperation towards a more multilateral and untied cooperation. Finally, the ongoing changes in the country and the process of integration in the world economy also requires the support to public-private partnerships (between Portuguese institutions and companies and with the capeverdians), to the opening of new financial lines to infrastructures and the reinforcement of private sector investments in employment-generation activities and towards the increase in international competitiveness.

Thirdly, an aspect concerning the comprehensive nature of the Portuguese cooperation in Cape Verde. The acquired expertise, the reinforced links and more recent dynamics can promote the development of a more structured platform for political dialogue between the two countries, about the main themes of the international agenda, which will also allow to engage in a more strategic form of cooperation.

The following remarks correspond to the report's table of contents and summarise some of the issues addressed in the evaluation.

The Development and Cooperation Context

With a shortage in natural resources, **Cape Verde's development** depends to a large extent of the social and political stability, of good governance aspects and of the qualification and productivity of its labour force.

The democratic regime is consolidated in the country, having held presidential, legislative and local elections since 1991, which have led twice to the rotation of parties. Cape Verde is well placed to achieve the Millennium Development Goals (MDGs) in 2015; the national product have been rising more than 5% in the last few years and the poverty rate will decrease to less than half of the 1990 rate in the next five years, if this growth pattern is upheld.

Despite good development performance and gradual improvement in the business environment, Cape Verde is still largely depending on development assistance and on the Diaspora remittances (respectively 13% and 15% of the GNP). If the country wants to succeed in facing the challenges of the graduation from 2008 onwards, the weight of these elements in national income will have to decrease. In this sense, it will be fundamental to carry on several actions towards the specialization and diversification of the productive sector. Along with the ongoing investment in light industry, tourism and transportation, one should also promote the implementation of clusters that are very important in the future social and economic development of the country, such as sea-related activities and off-shores services (banking, insurance, information technologies).

The medium-term Poverty Reduction Strategy - Documento de Estratégia de Crescimento e de Redução da Pobreza (DECRP) – is the main framework (along with the Grand Options of the Plan) for the implementation of public policies for development, and a new document is now being prepared for the period 2008-2011.

International Cooperation in Cape Verde has had a fundamental role. In June 2007, the development partners gathered at the Transition Support Group to approve and commit their support to the Strategy for Cape Verde's Graduation from the LDCs List. Most donors have announced that the change in the country's statute will not imply a significant change in the aid amounts. Cape Verde fulfils two of the three graduation criteria established by the UN – the human development index and the income per capita – but the vulnerability index (the third criteria) is still very high, even higher than some countries in conflict or post-conflict situations. One of the main challenges is, therefore, to ensure a soft transition strategy, that can address some aspects with potential negative impacts in its social and economic development.

Other important aspect is the recent approval, by the European Commission, of a Special Partnership Status with the EU, In this framework, Cape Verde will have access to several financing instruments through its cooperation with the Ultra Peripheral Regions (Azores, Madeira and the Canaries).

Only ten countries are represented at Embassy level in Praia, of which three are EU members (Portugal, France and Spain). Regarding the multilaterals, the most relevant are the EU, the UN agencies (UNDP, FAO, WHO, UNICEF, UNFPA and WFP) and the World Bank.

Since 2005, external aid to Cape Verde is being reoriented to direct budget support (EU, AfDB, The Netherlands, Austria, Spain and USA through the Millennium Challenge Account). In 2007, Cape Verde received some 26M€ of budget support, corresponding to 7% of the state budget. The increase of this aid modality, which is also used as a monitoring instrument for the DECRP, is positively regarded by the capeverdian authorities that also ask Portugal to join.

A second trend in ODA is the allocation of funds through decentralised cooperation (municipalities), either by budget support or

by capacity-building actions and direct partnerships with the municipalities – Austria, France and the Netherlands have been implementing this modality.

The context of Portuguese cooperation deserves special attention in Cape Verde, since it is one of the main donors. From 2005 onwards Cape Verde is the main recipient of Portuguese ODA, representing 20,8% and 22,4% of the Portuguese bilateral aid in 2005 and 2006. The aid flows to this country have been regularly increasing since 2002, with the exception of 2004 (due to the debt cancellation of the Angolan debt). The main sector for aid allocation is still Education, although decreasing since 2003; in comparison, there is an increase in aid to infrastructures and economic services, particularly in transportation and stocking.

Analysis of the evaluation' questions: conclusions and lessons learned

The relevance and comprehensive nature of Portuguese cooperation is widely recognised and corroborated by facts, although there is no specific strategy for the country, which originated cooperation programmes that are mainly lists of projects, without an integrated view in its basis.

Despite the projects' profusion and fragmentation, the cooperation priorities remain mostly the same in the period 2002-2006 and there is a continuity in the type of cooperation that is pursued, which point out to a predictability of the programming in the medium-term and in a pluriannual basis (contrarily to the annual logic of the PACs)

The constant reorganisation of priority sectors and projects through the PACs reveals some inconsistencies, but one should also note an important qualitative improvement from 2005 to 2007, namely with the transformation of disperse projects into more integrated programmes and the reinforcement of monitoring and evaluation. The PICs are implemented almost exclusively by a project approach and it is

necessary to engage in new aid modalities (e.g. budget aid).

Concerning the Portuguese cooperation added value, there are some positive aspects: the historical ties and proximity between the two countries; the structured results of the cooperation – although in many cases it was not conceived in an integrated and structured manner – and the fact that it has contributed to macroeconomic stability; the flexibility of the Portuguese cooperation in reorienting actions and amounts according to the Capeverdean needs and demands; the awareness of shared responsibilities in implementing projects and in the success/failure factors in this implementation.

The projects/programmes with higher execution rates are the ones in which there is a clear and detailed definition of the project fiches or plans of action, a regular monitoring of the projects, the involvement of the Capeverdean counterpart in a close and participative way in projects' implementation and also financial autonomy and/or management procedures that are suitable and modern, to allow a greater flexibility and rapidity in funds allocation.

Some negative aspects can also be highlighted: inappropriate programming of several projects; inadequate management procedures; bureaucracy and disbursement delays; coordination difficulties due to multiplicity of actors and channels – in Portugal and in Cape Verde -; the lack of synergies with other actors, namely the civil society and private sector.

The profusion of small projects is not negative in itself, provided that it is ensured the definition of a global framework to which every single action can contribute, and also if there is a balance with the elaboration of clearer, well defined and harmonised procedures.

The visibility of the Portuguese cooperation' actions is not proportional to the financial support and can be improved.

Human resources training and institutional capacity-building are some of the main priorities for Cape Verde. The government's priorities are currently focused in professional training, technical education and the development of higher education.

The PADES –programme for support of secondary education – is an action of significant scope, although it is difficult to identify the teachers' contribution to increase the schools' capacities. The Portuguese support to the Capeverdean University has structured results and is considered the most relevant (in comparison to other donors), indicating strong relevance, efficiency and sustainability. In the framework of technical education, the Integrated Project for Employment and Vocational Training has very positive results, with good effects, impacts and sustainability.

The actions of Portuguese cooperation in the promotion of the Portuguese language are very timid beyond the education programmes and it is done according to models that may not correspond to the real needs of Cape Verde.

Regarding scholarships, the Portuguese support has been very positive in quantitative terms, Portugal being the main donor. The goal of improving human resources capacities is, therefore, being achieved. In the future, the scholarships policy should be reoriented to better match the current needs of Cape Verde, namely by increasing the post-graduate component.

Institutional capacity-building and state reinforcement – including public sector reform – are major priorities for Cape Verde. Portuguese Cooperation is better placed in human resources training, given the cultural and linguistic ties, as well as the similarities in legal/institutional matrixes.

The results in this area are much diversified according to sectors and projects. In general, there is not an integrated approach of institutional capacity development – either by the capeverdean authorities or by the Portuguese cooperation – in order to ensure sustainability of results. In other words, there

is often a lack of continuity in the work developed through technical assistance and short-term training courses. Some of the Portuguese cooperation' services/actors are also not aware of what others are doing (e.g. bilateral actions versus multilateral contributions), which does not favour an integrated framework of action and undermines the visibility of Portuguese cooperation (for instance the contributions towards United Nations projects in Cape Verde).

Regarding the contribution of social and solidarity projects for poverty reduction, the actions implemented by the Portuguese Ministry of Labour and Social Solidarity are very much appreciated in Cape Verde, since they contribute directly to improve the living of some of the most needed population. The impact of these projects in communities is very positive, particularly in the most vulnerable social groups.

These projects have high execution rates and are implemented in an integrated manner. Their visibility at local level is more than proportional to the allocated funds. However, there are some concerns over the sustainability of some of these actions in the long-term.

The **participation and ownership** by the Capeverdean institutions is much diversified in the evaluated projects/programmes.

Several training and technical assistance actions were defined in a fragmented manner and with a short-term view, which led to less positive results regarding ownership and sustainability (putting into use the acquired skills). Some of the training courses were not planned in a way to provide local authorities will all the necessary technical means to apply the theoretical knowledge in concrete actions with practical effects, therefore ensuring the sustainability of these training actions. Short-term technical assistance actions should, therefore, be part of integrated programmes, with a medium-long-term approach and including several components, in order to maximise results and impacts.

In most cases, the procurement for projects of infrastructures' construction/rehabilitation was implemented by the Capeverdian authorities, which points out to the ownership of the process. The difficulties in implementing some projects on architectural patrimony were not related with ownership issues.

In social and solidarity projects, local participation and ownership are very significant.

Regarding **coordination and complementarity between donors**, the Portuguese cooperation participates in the existent coordination schemes (with the exception of the budget support group) and the Portuguese Embassy has been promoting regular meeting with the EU countries' Ambassadors in Praia.

Intra-EU coordination is still incipient; there have been some meetings that allow some information sharing but not an effective coordination or complementarity efforts (that can be the basis for a future division of labour). At sectoral level, there are regular technical meetings in the security sector with other donors (Spain and France), which contributes to avoid duplications in police technical cooperation.

There are some problems of capacity and coordination between the Capeverdian structures that undermine their ability to take fully the leadership in aid coordination. Beyond the difficulties in inter-ministerial coordination, there are also constrains in the coordination of several services and governance levels.

The vast majority of the Portuguese cooperation' projects is financed and implemented by Portuguese actors, with very few examples of joint actions with other donors; Portuguese cooperation is not taking advantage of synergies and opportunities of joint activities with other countries, such as Spain.

Regarding **coordination and complementary between several actors of Portuguese cooperation**, the aid policy is

characterised by a significant institutional dispersion in the elaboration, implementation and financing of activities, which is reinforced in the case of Cape Verde by the important role of decentralised cooperation (between municipalities).

The lack of a well-defined framework for task division between the coordinating institution in Portugal (IPAD) and the sectoral ministries is very clear and has been aggravated by the constant reshuffling within ministries and IPAD in the last few years. Many bilateral contacts were held between ministries of the two countries without any articulation with IPAD; the inclusion of technical personnel from IPAD in sectoral missions to the field is still decided by the sectoral ministries. In this context, it is very important to strongly invest in coordination mechanisms, in order to improve effectiveness.

Political changes in Portugal and the subsequent institutional reshuffling of cooperation' structures in the last few years have affected, jointly with budget constrains in this sector, the implementation and the achievement of the Portuguese Cooperation' objectives. Within IPAD, some constrains in terms of articulation/coordination were also identified.

The Embassy's capacity to perform all its functions in an effective way is insufficient, taking into account the human resources available. Namely, day-to-day management and administrative tasks represent a lot of time-spending, undermining the availability to develop other functions in planning and at strategic level. The evaluation concludes that programmes will also benefit from a reinforced and effective decision-making capacity at field level (with the necessary human resources), in relation to matching deadlines and necessities. This would allow reinforcing qualitative monitoring of projects and reducing the number of external missions.

Some activities developed by the Embassy at field level have great local visibility and contribute to good image and positive

evaluation of the Portuguese cooperation (either through the small projects fund or small projects financial line). These actions have also a significant role in capacity-building of local civil-society organisations.

In general, funds allocated to Portuguese NGOs are incipient in the total amount of the cooperation and there is no strategy to promote the inclusion of these organisations in the Portuguese cooperation framework. Projects carried by these organisations and that are co-financed by IPAD are implemented in several years, which contradicts the necessity to approve financing in an annual basis. The two analysed projects reveal very positive results.

Support to Capeverdian civil society was insufficient, given the relevance that these organisations have in the country and its significant role in poverty alleviation.

Recommendations

The evaluation presents some recommendations to IPAD, to the several actors of Portuguese cooperation and to the Capeverdian authorities (see Chapter 4). Regarding Portuguese cooperation in general, it should:

- Internally elaborate a document on the Portuguese cooperation strategy for Cape Verde, which can guide cooperation efforts and establish the Portuguese views, beyond the political negotiation of the PIC with the Capeverdian authorities;
- Reinforce the participation of Portuguese and Capeverdian civil society in the PICs' implementation;
- Follow the new development phase in Cape Verde, playing a significant role in the implementation of the Special Partnership with the EU (Plan of Action);
- Promote coordination and explore the possibility of establishing partnerships and implementing joint

actions with other donors (e.g. Spain)

- Join the group of direct budget support;
- Promote public-private partnerships;
- Eliminate the annual PACs and define timetables, quantitative and qualitative indicators to monitor and evaluate the Portuguese cooperation' results;
- Improve administrative procedures, increase rapidity in disbursements and decentralise to the cooperation services in the field;
- Promote the qualification and expertise of human resources in IPAD, both at headquarters and field level;
- Reinforce the Embassy's capacity of decision-making, in order to gradually transfer to the field: elaborating of the cooperation programmes' proposals; identifying projects and a higher degree of autonomy in its management; carrying projects' evaluations, etc;
- Increase flexibility and rapidity in issuing visas to students and officials, tacking advantage of the presence of a SEF focal point at field level.

Regarding **specific** **sectoral** **recommendations:**

In *Education/Human Resources training*: invest in improving local capacities by training Capeverdian teachers; support higher education in the country; increase post-graduate scholarships; continue supporting vocational training; elaborate a coherent strategy to support the Portuguese language, including the support to local publication and distribution.

In *Institutional Capacity-Building*: to continue developing capacities, by promoting participation and ownership of these

capacities by the Capeverdians (.e.g. in health, reinforce local skills and infrastructures in order to decrease medical evacuations); whenever possible, to include short-term activities in wider programmes that enfolds other elements (e.g. equipments, other technical assistance' actions, etc); to invest in the Justice sector by promoting legislative capacity of the public sector in general.

In *Solidarity and Social Services*: to continue implementing support programmes to the

most vulnerable groups, also focusing in the gradual sustainability of these projects.

Concerning the definition of a **Cluster** of the Portuguese cooperation in Cape Verde, the evaluation concludes by the need to carry a profound analysis and thinking on this issue, taking into account the comprehensiveness of the Portuguese cooperation and the small dimension/dispersion of the Capeverdian territory.